

# CPA TAX NEWS

NEWS, LEGISLATION AND RESOURCES



## LATEST UPDATES

### Government announces coronavirus stimulus package

The government has announced a range of measures to support the economy, business and employment in the face of the coronavirus health crisis. The measures include the below.

**Cash Flow Boost for employers** – employers with an aggregated annual turnover of under \$50 million (based on prior year turnover) will receive a payment of \$2000 to \$25,000 from the government to help with cash flow. Eligible businesses will receive a payment equal to 50 per cent of taxes withheld from employees' salary and wages up to \$25,000.

Eligible businesses that pay salary and wages will receive a minimum payment of \$2000, even if they are not required to withhold tax.

The payment will be delivered as a credit in the activity statement system from 28 April 2020 upon businesses lodging eligible upcoming activity statements. Where this places the business in a refund position, the ATO will deliver the refund within 14 days.

**Increasing the instant asset write off** – the government is proposing to increase the threshold for the instant asset write off from \$30,000 to \$150,000 and expand access to businesses with an aggregated annual turnover of up to \$500 million (up from \$50 million). The increase will only be available from 12 March to 30 June 2020 for new or second-hand assets first used or installed ready for use by 30 June 2020.

**Accelerated depreciation** – the government is proposing an accelerated depreciation deduction for eligible assets acquired from 12 March and first used or installed by 30 June 2021. Eligible taxpayers will receive a deduction of 50 per cent of the cost of the eligible asset on installation, with existing depreciation rules applying to the balance. Eligible businesses are those with an aggregated turnover below \$500 million. Eligible assets are those that can be depreciated under Division 40 of the *Income Tax Assessment Act 1997* (that is plant, equipment and specified intangible assets, such as patents), but does not apply to second-hand Division 40 assets, or buildings and other capital works depreciable under Division 43.

**Apprentice and trainee wage subsidy** – the government will offer employers a wage subsidy of 50 per cent of an apprentice's or trainee's wage from 1 January to 30 September 2020, capped at \$7000 each quarter per each eligible apprentice or trainee. Businesses with less than 20 full-time staff will be eligible, however employers of any size and Group Training Organisations that re-engage an eligible out-of-trade apprentice or trainee will continue to be eligible for the subsidy.

THOMSON REUTERS CHECKPOINT

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The advertisement features a blue background with a red ladder on the right side. The text is white and orange, with 'CPD delivered differently' in large orange letters. A white button with 'Learn more' in orange text is at the bottom.

**Direct payment to individuals** – the government will make a one-off payment of \$750 to around 6.5 million social security, veterans and other income support recipients and eligible concession card holders residing in Australia.

### **ATO support measures for those affected by coronavirus outbreak**

The ATO will implement a series of administrative measures to assist Australians experiencing financial difficulty as a result of the COVID-19 outbreak.

Businesses impacted by the coronavirus are encouraged to get in touch with the ATO to discuss relief options. Options available to assist impacted businesses include:

- deferring by up to four months the payment date of amounts due through the business activity statement (BAS, including PAYG instalments), income tax assessments, FBT assessments and excise
- allowing businesses on a quarterly reporting cycle to opt into monthly GST reporting in order to get quicker access to GST refunds they may be entitled to
- allowing businesses to vary Pay As You Go (PAYG) instalment amounts to zero for the April 2020 quarter. Businesses that vary their PAYG instalment to zero can also claim a refund for any instalments made for the September 2019 and December 2019 quarters
- remitting any interest and penalties, incurred on or after 23 January 2020, that have been applied to tax liabilities
- working with affected businesses to help them pay their existing and ongoing tax liabilities by allowing them to enter into low interest payment plans.

Employers will still need to meet their ongoing super guarantee obligations for their employees.

Unlike the bushfire relief measures, which applied automatically to particular geographic areas, assistance measures for those impacted by COVID-19 will not be automatically implemented.

Anyone impacted by COVID-19 should contact the ATO to request assistance on its Emergency Support Infoline 1800 806 218.